

MOTION BY SUPERVISOR YVONNE B. BURKE

OCTOBER 31, 2006

On June 29, 2004, the Board approved a Community Development Block Grant (CDBG) Float Loan between the Community Development Commission and the City of Carson Redevelopment Agency. The loan proceeds assist Advanced Machine & Stretchform International, Inc., AMSI Real Estate, LLC, a California limited liability company (AMSI), a manufacturer of aerospace components by providing working capital.

The 30-month loan provides \$5,000,000 in Countywide CDBG funds for working capital to retain 69 and create 75 permanent, full-time equivalent jobs at AMSI. The loan has a fixed interest rate of 2½ percent per annum, with interest only payable monthly and a balloon payment of the outstanding principal balance due at maturity on January 7, 2007. It is secured by an AA grade, irrevocable, direct pay, callable upon demand Letter of Credit in the amount of \$5,000,000.

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MOTION

MOLINA	_____
BURKE	_____
YAROSLAVSKY	_____
KNABE	_____
ANTONOVICH	_____

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There are three modifications being proposed for the loan. First, the maturity date of the loan would be extended for an additional 30 months to allow AMSI more time to use the working capital. Second, security for the loan would change to a \$5,000,000 cash collateral account. Third, the fixed interest rate on the loan would increase to 4½ percent per annum. All other terms and conditions of the loan would remain the same.

Funds related to the float loan extension activities through June 30, 2007 are included in the Commission's approved 2006-2007 Budget, and future funds will be requested through the annual budget process

Based on a 60-month term and a total draw of the loan, a total of \$874,857 in interest will be earned. It is estimated that a total of 69 jobs will be retained and 219 jobs will be created over the term of the loan.

I, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the amendment to the CDBG Float Loan between the Commission and the City of Carson Redevelopment Agency that provides working capital to AMSI for job retention and creation is exempt from the California Environmental Quality Act (CEQA), because the proposed changes do not have the potential for causing a significant effect on the environment;

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2. Authorize the Executive Director of the Community Development Commission to prepare Amendment No. 1 to the CDBG Float Loan No. FL0011 described above to incorporate the following changes: extend the term of the loan for an additional 30 months, through July 7, 2009; change the security for the loan to a \$5,000,000 cash collateral account; and increase the fixed interest rate to 4½ percent per annum; and
3. Authorize the Executive Director to execute Amendment No. 1 to the CDBG Float Loan, to be effective on January 1, 2007, following approval as to form by County Counsel and execution by all parties; and authorize the Executive Director to execute all related documents, following approval as to form by County Counsel.